

# 2011 Military Health System Conference

## Incentivizing the Medical Home

*The Quadruple Aim: Working Together, Achieving Success*

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Navy Medicine

# Outline



- Discuss the Navy PCMH Initiative
- Anticipated effects of well executed PCMH
- Civilian experience with PCMH
- MHS Performance Pilots
- Review of the Pensacola Plan

# Navy PMCH Initiative



- Description
  - Small micro-practices of 3-5 providers
  - Standardized staffing model
  - Strategic reinvestment of current resources
  - Use of 4<sup>th</sup> level MEPRS to delineate teams
- Goal: Demand Management of enrollees
  - Reduce unnecessary visits
  - Leverage asynchronous messaging / team based practice

# Anticipated Effects of PMCH in MHS

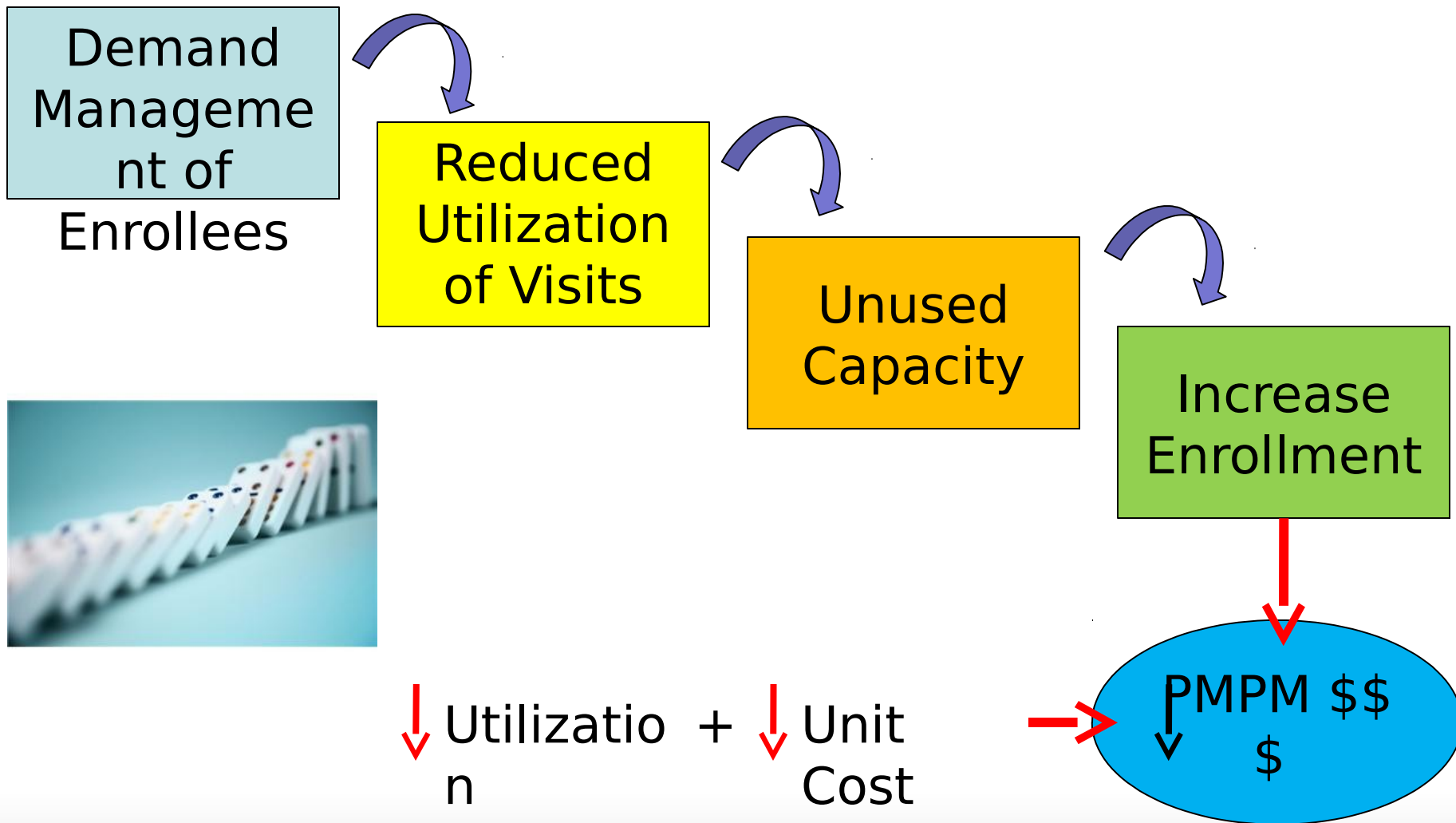


- Improved
  - Access to Care
  - Team continuity
  - PCM continuity
  - Patient satisfaction

- Reduced Costs of Care
  - Unnecessary:
    - ER use
    - Network care
    - Ancillary tests
    - Hospitalizations
    - Specialty visits



# Potential Impact on Enrollment



# **Outcomes of Implementing Patient-Centered Medical Home Interventions: A Review of the Evidence From Prospective Evaluation Studies in the United States**

*Updated November 16, 2010*

**Kevin Grumbach, MD, Paul Grundy, MD, MPH**

- Group Health, Geisenger, VA, Blue Cross Blue Shield, Medicaid (NC, CO) and others...
  - Decreased PMPM
  - Decreased ER utilization
  - Decreased admissions
  - Improved quality metrics
  - Improved customer satisfaction (patients/staff)

# The MHS Performance Pilot



- Could replace aspects of PPS if successful
- Components:
  - PCMH Primary Care: Capitation
  - Non PCMH Primary Care: Fee for service
  - Specialty Care: Fee for service
  - Inpatient: Fee for service
  - APV: Fee for service
  - P4P
  - Includes care management fee

# Pensacola PMCH Pilot



- 33,795 enrollees in medical homes
- Historical RVU production valued at \$9,105,298 in non capitated environment

***But what if we de-incentivized burn and churn and incentivized production of health?***



# Performance Pilot



- **Capitated Funding:**

- \$267.39 per enrollee
- 33,795 enrollees

\$ 8,088,030.00

- **Care Management Fee (level 2 NCQA)**

- \$5.00 per enrollee
- 33,795 enrollees

\$ 2,027,700.00

- **Pay For Performance**

- Mammography
- Cancer screenings
- Diabetes HEDIS
- Oryx measures
- PCM continuity
- 3<sup>rd</sup> next available
- Satisfaction ratings
- PMPM Inflation
- ER utilization



# Pay For Performance



		<b>Capitation</b>	\$ 8,088,030.00
		<b>Care Mgmt Fee</b>	\$ 2,027,700.00
		<b>Subtotal</b>	<b>\$10,115,730.00</b>
<b>Metric</b>	<b>Baseline*</b>	<b>Goal</b>	<b>Reward</b>
Mammography	80%	↑ 82%	\$122,122.00
Colorectal	71.6%	↑ 75%	\$27,971.12
Cervical	83%	↑ 89%	\$409,718.20
A1C screen	89%	↑ 95%	\$92,937.40
LDL < 100	44.4%	↑ 54.4%	\$69,395.00
A1C > 9.0	21%	↑ 18%	\$78,206.20
		<b>Additional P4P</b>	<b>\$800,349.92</b>

# Pay For Performance Cont.



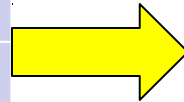
Metric	Baseline	Goal	Reward
PCM Continuity	38.8%	60%	\$328,652.16
3 <sup>rd</sup> next routine	79.2%	86.4%	\$94,842.94
3 <sup>rd</sup> next acute	55.6%	64.8%	\$383,984.70
Satisfaction - care	92.3%	92.3%	--
		<b>Additional P4P</b>	<b>\$807,479.80</b>

**\*NOTE:** rewards are based on increases or decreases from baseline

# Pilot Basics



<b>Capitation</b>	\$ 8,088,030.00
<b>Care Mgmt Fee</b>	\$ 2,027,700.00
<b>P4P HEDIS</b>	\$800,349.92
<b>P4P Experience</b>	\$807,479.80
<b>Subtotal</b>	<b>11,723,559.72</b>



- Doesn't include
  - Oryx measures
  - ER Utilization
    - Earn or lose based on increase/decrease
  - PMPM Costs
    - Earn or lose based on increase/decrease of inflationary costs

# Risks



PPS Environment: \$9,105,298.00

<b>Capitation</b>	\$ 8,088,030.00
<b>Care Mgmt Fee</b>	\$ 2,027,700.00
<b>P4P HEDIS</b>	\$800,349.92
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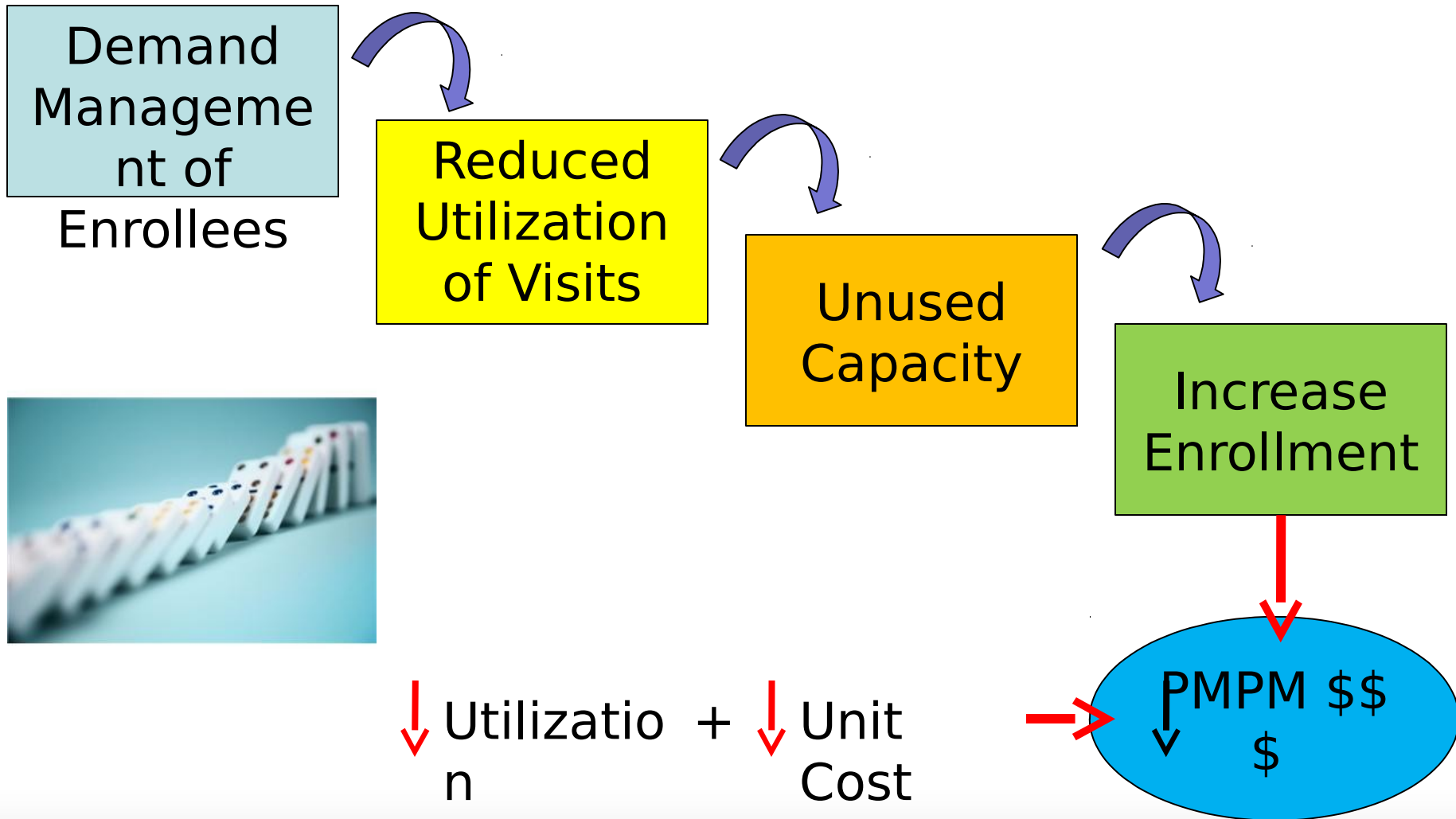
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What if  
don't  
improve?

What if  
ER use  
increases  
?

What  
if  
PMPM  
rises?

# Impact on MHS Bottom Line



# Bottom Line



- Business as usual = high risk!
- Transformation of practice could result in significant reward

***“If you don't like change, you're going to like irrelevance even less.”***

***General Eric Shinseki (ret)  
Former Chief of Staff, U.S. Army***

***“Every system is perfectly designed to get the results it produces”***



# Questions?